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Creative China must find its own Path

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It is commonly said that China needs to 'catch-up' with 'the west' or the 'developed world'. This phrase implies a singular path; there may be short cuts and 'late-comer advantages' but the destination – a modern, developed country – is the same. But just when it seems China is within touching distance, the 'developed world' changes the definition of what it is to be 'developed' and puts more obstacles in the path of those trying to catch-up. In English we call this 'moving the goal-posts'. After manufacturing, services and high-technology seemed to present clear goals for China, the cultural creative industries arrive as the new 'value-added' product and service sector, posing yet more problems for the country's policy-makers. Many in the West have argued that China will take a long time to catch-up in these areas and that this provides a new source of competitive advantage to the West. Indeed, for some, the absence of a competitive cultural creative industries sector is evidence that China is not, and maybe can never be, fully 'developed'.

Much of this can be dismissed as another example of the West's superiority complex; however, there can be no doubt that the cultural creative industries present great possibilities but also great challenges for China. These industries – from visual and performing arts, to recorded music, film and TV, to digital animation and new media services, through to fashion, design and architecture – are highly creative and innovative products and services, relying on complex flows of knowledge and intellectual property. They are also cultural or symbolic products that reflect and influence our pleasures and ambitions, and our individual and collective sense of meaning and identity. For these reasons all nations have sought to protect and develop their own national culture and traditions by investing in cultural infrastructure and expertise. In the second half of the twentieth century this was expanded beyond 'the arts' – galleries, museums, opera houses, universities, arts schools, journals etc. - to include broadcast media, film, publishing and recorded music. In the last 20 years the emphasis has shifted from building economic infrastructures for reasons of national cultural identity to mobilizing culture and creativity for reasons of economic development.

The cultural creative industries are now strongly linked with the knowledge economy, which emphasizes high levels of research, knowledge transfer and, above all, innovation. In the West artists or 'cultural producers' have long been associated with dynamic, often unpredictable creative innovation. Now the innovative capacity of the cultural industries is extended to a new range of creative products and services and is also seen as a catalyst for innovation right across the economy. In China this agenda has also meant moving beyond the idea of a better industrialization or marketisation of existing cultural products towards a more systematic approach to the idea of cultural and creative innovation and its wider economic impacts. This demands the ability to anticipate new products and services, finding new audiences, differentiating

rather than imitating what already sells. It requires new kinds of 'soft skills' that are hard to acquire as they are often 'tacit', demanding experience rather than formal education (though this is also necessary). It demands understanding different models of production, complex value chains and the interaction between cultural, creative and business skills.

In the last few years the central driving force behind cultural and creative industries policies has been the idea of 'cluster'. Starting from a few isolated examples in Beijing, Shanghai and other smaller coastal cities the concept has now become a central policy platform. Cultural and creative clusters exist in the West, though these terms cover extremely diverse developments. There are some good reasons why China would choose this policy platform above others. In many large cities experiencing de-industrialisation there are empty factories that seem ripe for this kind of development. The model of concentration to facilitate rapid development also fits well with China's history of collectivization and more recently its development of high-tech and other R&D parks. Clusters are also attractive to policy makers because they are highly visible - successful ones give publicity to them and the city. At the same time they offer clear and concrete steps to support a sector that is very new and not very well understood. However, there are some real problems to be overcome if these clusters are to deliver what is expected of them.

Many clusters emerged organically, with artists looking for cheap workspace; but in China, as in the West, they soon drew attention from property developers. The first big problem faced by clusters is that cultural and creative producers raise the profile of a place and this is very quickly translated into rent rises, typically driving out the first occupants. This is a complex problem, but my main point would be that policy cannot be driven by the dynamics of real estate. Some have said that if creative industries are so economically important we should let the market decide. There is some truth in this; it is very easy to subsidise bad artists and creative producers. However, the dynamics of real estate markets and the creative economy are very different, especially at the early stages. Cultural profile can raise rents much more rapidly than with other kinds of occupancy, often from a low base, and can provide good profit. But these rent rises are often too fast for a slowly emerging sector, which is not just to be seen as individual companies but as a complex emerging 'creative ecology'. The real estate market measures 'good' or 'bad' creatives by their ability to pay the rent, not on their long-term effect on innovation. There are easy measures for real estate success – higher rent yield – but how are we measuring the innovative capacity of the local economy? In general, local governments should not give tax breaks to real estate companies and then allow them to apply pure market rules to rents. More subtle intelligence and policy instruments are needed if government is to find a productive balance in this area.

Clusters are often conceived as places for the 'industrialisation' of cultural products – that is, mass production and marketing. The need for innovation is forgotten in the process. There are many visual art clusters that are very much like factories, reproducing extremely outdated products for the lowest end of the art market. This might provide jobs in the short term but simply confirms China as the world's low value producer. Similar things could be said about traditional crafts, which are extremely repetitive and are usually only protected by inter-provincial tariffs. These products might inflate the statistics – according to one report China is third largest

exporter of cultural products – but they are very misleading; most of the products counted do little to enhance the innovation capacity of the cultural creative sector.

Better understanding and governance of clusters is necessary. Clusters deliver benefits for many but not the entire cultural creative sector. Computer games, for example, does not benefit from clusters because more or less everything is produced in-house in great secrecy. They go to clusters because of tax and rent subsidies, not to be in proximity to others. Visual artists benefit from cheaper rents, the reputation of a ‘cool’ place and from space to work in quiet; they do not necessarily engage in intensive networking and knowledge transfer. Other project based industries, such as new media, want the networking possibilities provided by clusters, what economists called ‘untraded interdependencies’. There are thus different requirements for the different branches, and both the mix of companies and the quality of the space need to be carefully understood.

There is real scope for informed government policy here. In general they should look to raise the quality of production as well as developing new audiences and markets. Clusters can have a role in this, but they have to form part of a wider policy strategy. For example, universities are vital to building new human capital - they have to be encouraged to look to creative skills not just teaching from established models, . Local television stations can be encouraged to pay more for high quality content – at the moment the purchase is a one size fits all approach which often pays the worst and the best exactly the same. The design of urban spaces can be enhanced to support the city as a ‘creative milieu’. More directly, the cultural creative industries need new creative attitudes and mentalities that take some time to come through; they also demand a range of ‘soft skills’ associated with project management, brand development and marketing which have to be learned ‘on the job’. But they find it hard to learn these skills when they are mostly delivering services at the lowest part of the value chain, where innovation effects and intellectual property go abroad. Talent is wasted in servicing when it should be focused on developing original content. Local governments have to realize that though the cultural creative industries have strong economic benefits they are also about quality – high values which demand the long term view not the quick return of the ‘bottom line’. This push for high quality and higher levels of innovation is something that demands a more holistic approach to policy; and clusters can play a crucial role in this.

Rather than be seen as convenient containers for cultural creative producers they need to become focal points for targeted development. Universities and art schools need to be more involved, as do their cultural creative industry research centres. Real knowledge transfer can be encouraged and facilitated by intelligent cluster managers. The skills to run a cluster are just emerging and there are some good exemplars – but much of it is just real estate management as in any other sector and this is a wasted opportunity. Networking events, joint marketing, seminars with foreign companies, spaces and occasions for experimentation, a carefully managed programme for the general public (too much tourism can destroy a cluster, as in Tianzi fang in Shanghai), intelligent links to other clusters and larger creative companies – all these demand specific skills to deliver. These skills also should be disseminated and improved across between the clusters.

China does need to look to foreign experts and models; but it has also shown time and

again that it can also find its own way, and in ways that have astonished outsiders. It can do this with the cultural creative industries but it has to look long term, beyond immediate economic gain (including rent increases) to the long-term creative and innovative capacity of the country. It has to recognize that it is catching up at a time when western creative industry corporations are more global than ever, looking to penetrate local Chinese markets just when the country is trying to develop its own creative sector. This presents a real challenge, but I would say that rather than try and use policy tools derived from the West, China should look to its own traditions and strengths. I do not just mean its traditional culture in terms of calligraphy or opera or ink painting; I mean its resources for social and economic development that uses, but is not subservient to, the 'free' market. In fact the UK, closely associated with the creative industries agenda, has very little capacity to deliver industry support, relying on demands that people be more 'entrepreneurial' rather than deliver systematic and intelligent sectoral strategy. This is why it has let a 250-year-old world famous ceramics company – Wedgewood – go bankrupt. China has some things to learn from the UK, but its deep resources of intelligent and pragmatic policy will be ultimately decisive. Most important, policy makers should not lose sight of the importance of culture for collective meaning and identity. This is much more diverse, fluid and open to new influences, and the Chinese government has increasingly stood back from direct intervention. In the search for the new economic benefits of the cultural creative industries their deeper cultural contexts should not be neglected.